

**MINUTES OF THE
INFRASTRUCTURE AND GENERAL GOVERNMENT
APPROPRIATIONS SUBCOMMITTEE MEETING**

Room 445, State Capitol
January 30, 2013

Members Present: Sen. Wayne A. Harper, Co-Chair
 Rep. Gage Froerer, Co-Chair
 Rep. Jacob L. Anderegg, House Vice-Chair
 Sen. Lyle W. Hillyard
 Sen. David P. Hinkins
 Sen. Scott K. Jenkins

Sen. Peter C. Knudson

Sen. Karen Mayne
Sen. Kevin T. Van Tassell

Sen. Evan Vickers

Rep. Johnny Anderson
Rep. Kay J. Christofferson
Rep. Lynn N. Hemingway
Rep. John Knotwell
Rep. Douglas V. Sagers
Rep. R. Curt Webb
Rep. John R. Westwood

Members Absent:

Rep. Janice M. Fisher

Staff Present:

Mr. Mark Bleazard, Legislative Fiscal Analyst

Mr. Gary Ricks, Legislative Fiscal Analyst

Ms. Cami Deavila, Secretary

Note: A list of visitors and a copy of handouts are filed with the Subcommittee minutes. A copy of related materials and an audio recording of the meeting can be found <http://le.utah.gov/asp/interim/Commit.asp?Year=2013&Com=APPIGG>

1.

Call to Order/No minutes to approve

Co-Chair Froerer called the meeting to order at 8:13 a.m.

2.

Introduction of Legislators and Staff

3.

Committee Procedures

Co-chair Froerer stated the committee evaluates projects and set the budget on the last meeting. Another option is to vote on the budget as projects are heard. Co-chair Harper stated base budgets would be passed on Monday. The committee could make modifications if needed.

Mark Bleazard, Fiscal Analyst, Office of the Legislative Fiscal Analyst. Mr. Bleazard stated the analysts make a presentation on a given budget. The agency has an opportunity to comment and further discuss the issue. The legislature then accepts the issue at that given point in time. The committee can vote as the presentation is made or wait and vote on the last day.

Rep. Anderegg stated that the committee should wait and vote, as there is uncertainty where the fiscal cliff will leave the budget.

Co-chair Froerer stated the committee would be ranking projects before making decisions after hearing all the presentations and projects.

4. Budget Terminology

Gary Ricks, Fiscal Analyst, Office of the Legislative Fiscal Analyst. Mr. Ricks stated the Legislature received a block of bills for base budget appropriations for each appropriations subcommittee. The base budget appropriations bill is only one of the appropriations bills needing legislative action. This committee would also be dealing with debt service, buildings, and roads. Dedicated credits are money paid to an agency by other agencies for goods and services or by people interacting with the government. Internal service funds are units' set up like business entities and report revenues as dedicated credits. The Legislature proposes intent language that certain things are done, or refrained from, by an agency. Other items to notice are restricted funds, general funds and other sources of funds with different statutory implications that fund agencies within this subcommittee.

Co-Chair Froerer added the debt would be something the committee would look at, as well as the budget and priority projects.

Senator Hillyard requested to know what the on going operation and maintenance (O&M) and program costs that would need funding and if new faculty will need to be hired to staff new buildings.

Co-chair Froerer stated a concern of the committee will be to hear about capital improvement money and money to maintain new buildings. The percentage of value constantly changes by statute because the State didn't meet the minimum 1.1 percent required. Mr. Bleazard stated the analysts would have information for the next meeting.

5. COBI Quick Link

The Compendium and Budget Information (COBI) is located on the legislative website. It is an informational tool for the Legislature and the public. COBI gives information on a given committee or subcommittee and various funding sources within the agency or program. COBI gives an historical perspective and where the agency or program is heading with its budget. COBI gives information on different funds and funding sources for a given budget. COBI also gives objects of expenditures, information about current expenses, and capital outlay.

6. Committee Challenges

Mr. Bleazard stated the committee's responsibilities include The Department of Transportation (UDOT), The Department of Administrative Services, The Administrative Internal Service Funds, The Department of Technology Services (DTS) and their internal service funds, Capital Facilities, both the development side and improvement side, and Debt Service. Some of the major, specific projects and areas the committee will need to discuss and make decisions for are UDOT projects; approximately 400 lane miles have been added to the State highway system. The larger projects are close to completion with the I-15 Core project and the Mountain View Corridor. This brings challenges to both the private industry and the State. The committee didn't want to bond beyond 85 percent of the State's constitutional debt limit. Currently there is \$4 billion in outstanding debt, which is close to the 85percent limit. As the outstanding balance shrinks the committee would need to decide how often they want to get up to the 85 percent. Another issue is how many buildings the committee would want to recommend and how to fund them. The Governor has recommended \$96.2 million be spent from the general fund for new facilities and a general obligation bond of \$52.4 million. Current law requires the Legislature fund capital improvement at 1.1 percent of the replacement value. Currently the Legislature is funding for \$41.7 million. To reach the 1.1 percent an appropriation of \$95 million would be required. The same statute has a requirement to fund at 1.1 percent or in times of budget deficits at .9 percent in order to approve any new buildings. The committee can also amend the statute.

Mr. Ricks called attention to information technology issues and securities. Senate Bill 20 (State Security Standards for Personal Information) requires an independent biennial audit of the IT security of the Executive Branch. This carries a price tag of \$1.6 million. A second item is DTS security, maintenance and upgrades recommended by the agency and the Governor. This would provide for the encryption, backup environment, auditing, enterprise continuous monitoring, enterprise application deployment and mobile device management. The Governor recommended a supplemental amount of \$9.5 million and in FY14, \$3 million ongoing funds. There may be other IT issues, as it is a critical component of government.

Rep. Christofferson asked if the 1.1 percent is to cover O&M for the maintenance and general operations of the building. Mr. Bleazard answered no, that it includes improvements for the building like new roofs, boilers or minor renovations.

Co-chair Froerer stated that the committee would need to make sure agencies and projects have proper capital improvement money for infrastructure like roofs, roads, or electrical before there is a request for money for new buildings.

Sen. Jenkins asked for an explanation why encryption and backup environment need funding. The new computer systems were supposed to come fairly secure. Co-chair Froerer answered that Mr. Ricks will be giving an analysis of that and letting the committee know where they stand for the future.

7. Sheriffs' Presentation on Jail Reimbursement

Reed Richards, Weber County Attorney's Office, stated these inmates have been convicted of a felony crime by either a plea or by a trial where a judge or jury found them guilty. The judge sentenced them to prison, then suspended the sentence and instead of going to prison, housed them in the local county jail. There are 1,200 of these types of inmates. The inmates can be left

in the jail for up to a year on any given charge. If the judge wants them incarcerated longer than that on a single charge the inmates would have to go to prison. The judge decides the best way to manage these inmates and may feel that putting the inmate in prison could be destructive. It allows the judge to keep some control of the inmate. The judge can assign work release and it keeps them closer to family. The question for a number of years has been who has the obligation to pay for the inmates. Is it the counties because it is a county jail or the State's because the State sent them there. The compromise has been to split the cost, half from the State, half from the counties and the State funding hasn't been there. The State incarceration rate is based on the average cost of incarceration of an inmate in a State prison. It has varied from year to year from a high of \$80 down to this year, \$77.94. The 50 percent formula makes the amount paid to the counties \$38.97 per day. The actual funding is \$27.28 per day. Every county in the State that has a jail has this type of individual. The total funding has varied; back in 2008 the amount was \$11.5 million down to \$6 million in the real tight budget years. The last couple of years it remained constant around \$11 million. The inmate population has varied but has doubled the last ten years. The last three years the inmate count has seen an increase of about 7 percent. Mr. Richards stated they are requesting to raise the appropriated amount from \$11 million to get closer to the 50 percent amount. The Governor's budget shows an increase of \$2 million to \$13 million, which would take it to about \$31 per inmate per day. Brent Gardner, Utah Association of Counties, added that many county sheriffs and commissioners were there to show their support.

Sen. Jenkins asked why county jails keep taking prisoners when they can't pay for them. Mr. Richards replied that the counties have no choice, a judge ordered it and they would be in contempt of court if they refused to house the inmates in the county jail. Some counties have tried to limit the number. Mr. Gardner added that they have met with judges but judges believe the money is not their problem. Sen. Jenkins stated that if the State doesn't meet its statutory responsibility that would relieve the county's responsibility. The jails should not house any prisoners until they receive the \$38.97 per prisoner per day. Mr. Richards stated that there is another statute that says the judge has authority to put someone in the county jail on condition of probation. Judges point to that and say it doesn't say anything about funding and the counties have to follow that statute. Sen. Jenkins added that a different perspective is to shut the doors to the prison until funding was at the \$38.97 per day.

Rep. Christofferson asked how the jails managed the large drop between FY10 and FY11 and if all the inmates were accepted during that period. Mr. Richards stated property taxes paid the costs. The number of inmates went down slightly because of an effort to work with the judges, the majority of the judges said it was not their problem. Rep. Christofferson asked the total amount needed compared to the governor's \$13 million. Mr. Gardner stated \$16 million to be fully funded.

Co-chair Froerer stated \$15.7 million would take it to the 50 percent range.

Rep. Hemmingway asked where prisoners go if county jails don't accept them. Mr. Richards stated judges hold the jails in contempt. If jails shut their doors, the inmates go to prison or are put on probation without incarceration. Rep. Hemmingway asked if these people are not suited for prison or is there overcrowding. Mr. Richards stated it is both; judges like to keep inmates locally and not associate them with really bad people. If jail were not an option the judge would

decide if the inmate is bad enough for prison or take a risk and put them out on probation. Mr. Gardner stated that inmates could stay longer in county jail than in prison.

Rep. Sagers asked if it is cheaper to put inmates in the county jail than in prison. Mr. Richards answered that the prison rate is about \$78.00 a day per inmate. The State is paying about \$27.00 a day. It doesn't cost any less; it is just putting the cost on the counties instead of the State. Mr. Gardner added that by agreeing to the compromise of 50 percent jails were sharing that burden with the State. Rep. Sagers asked why in FY10 and FY11 payments were \$5 million less than in other years. Mr. Richards responded it was directly related to budget cuts. Rep. Sagers asked if counties took the hit on that. Mr. Richards state that yes, the cost to house the prisoners didn't change.

Co-chair Froerer asked to hear from county representatives.

Ben McAdams, Salt Lake County Mayor, stated the presentation showed the challenge. The cost is the cost and the counties have to pay what the State doesn't. Mayor McAdams asked that the Legislature follow the Governor's recommendation. It will impact the taxpayer one way or another.

David Wilde, Salt Lake County Council Member, 2nd Vice President of the Association of Counties, stated he has been on the county council for 12 years and this has been the biggest recurring issue year after year. It is frustrating because the agreement hasn't been followed. The counties see it as an unfunded mandate, and the State should be familiar with unfunded mandates from the Federal Government. The State doesn't like it and the counties don't like it either. The county increased property taxes, if the State funded at the levels promised, it would have been an additional \$1 to \$1.5 million each year and the county could have possibly avoided raising property taxes. When the money is spent on jail issues, there is less money to use on other projects in the county but can't afford to. Everyone has tight budgets and the counties would like help from the State to live up to the commitment.

Kerry Gibson, Weber County Commissioner, reiterated the challenge in building a budget. The 50/50 compromise gave counties an opportunity to have something certain to build a budget around and asked for some kind of consistency.

Sen. Jenkins asked if Weber County had some pods in the jail closed, if the jail was full. Commissioner Gibson didn't know.

Sen. Knudson asked if counties have to make cuts in order to house prisoners and where the cuts are being made. Commissioner Gibson stated cuts are required across all areas of the county budget. If the counties have an obligation mandated upon them by a judge, they just have to find the money. Mr. Wilde added that Salt Lake County cut back on employee salaries and raised taxes this year. Salt Lake County also cut human services, community services, and everything the county does. Sen. Knudson asked for clarification that in order to meet the imbedded costs, the budget has been cut in other areas, not just in the jailing. Commissioner Gibson replied yes.

Sen. Mayne stated that government leadership shares responsibility and the committee should not be saying there isn't any money, counties have to deal with it. The constituents of Utah pay

and it shouldn't matter where. If constituents pay to the State and the State is not doing what it is supposed to, then the counties have to raise taxes. Money is not being saved, responsibility is being shifted and that is not responsibility.

Sen. Hillyard stated that the Governor is assuming there will be \$3 million more in ongoing revenue. That was assuming the Bush tax cuts would be extended and they were not. The Governor also recommended \$52 billion for bonding and the State is at the 85 percent constitutional bond limit. The committee will hear a series of requests and will have to ask where the money is coming from. There will be tough decisions to make. The money has to come internally and will have to find areas in the budget that aren't very important. There will not be the type of revenue coming in the Governor has used.

8. State Funded Capital Facilities Requests

Co-chair Froerer referenced the capital development projects. The co-chairs have reviewed the projects from the Building Board and made the decision to listen to the top 12 priorities. The committee will listen to projects 9-12.

a.

Snow College Science Building Remodel

Scott L. Wyatt, President of Snow College, suggested when looking at a project the committee have three questions in mind: Does the request fit into some State initiative plan, priority or goal; is the institution worthy of the project, is it successful, growing and serving a need; is the specific project something that has great needs. Snow College was ranked in the Aspen Institute out of Washington D.C. in the top 10 percent of all two year colleges in the country. CNN Money ranked Snow College 6th out of all two year colleges in the country. When the two are linked together there is only one school out of all 1,200 in the country that ranked higher than Snow. Snow is successful and continuing to improve. Snow has a Science, Technology, Engineering and Math (STEM) and health professions building project that fits in with the Governor's and Utah Higher Education's goals of reaching 66 percent of Utahns with some type of post high school degree or diploma. The science building will house general education and career and technical education programs, nursing, a variety of technician programs, as well as standard chemistry, engineering, and math. One great challenge is to motivate and help students succeed in the STEM and health professions major and many schools in the State are trying to upgrade their facilities. The current science building was constructed in 1973 when the college had 755 students; Snow is currently just shy of 5,000 students. The facility is not only outdated in terms of growth, but it is outdated in everything. A crack runs from the top all the way into the basement. It could be fixed but code upgrades would be needed and the whole building is not ADA compliant. The one elevator is not wide enough for most wheelchairs. A faculty member is in a wheelchair and fortunately has a narrow wheelchair. The physics lab electronics were built into asbestos counters and sit idle. Fixtures in the chemistry, physics, and anatomy labs were installed in 1973 and are not available anymore. The building has no storage; the anatomy lab keeps cadavers in the classroom. The building has a net 33,000 square feet and the request is for an addition of 12,000 net square feet. O&M would be about \$220,000. The building can't be torn down, as science can't be taken offline for two years. The construction is \$12.9 million and soft costs are \$3.3 million for a total of just under \$16 million.

Co-chair Froerer stated the request is for just under \$16 million. The Building Board ranked this project number nine. Pres. Wyatt added that the project is third on the regent's list.

b. Utah State University-Eastern Central Instructional Building

Joe Peterson, Chancellor, Utah State University stated rural colleges have a history of boot strapping operations, which means several academic programs have been offered in scattered, substandard, small, and many times, unsafe facilities. These small rural campuses have built large multi-purpose buildings, in which approximately 2/3 of the colleges academic programs were moved into modern settings. The request is to get the remaining academic programs out of these buildings. The proposal is to build a multi purpose classroom facility adjacent to the Geary Theater. This request has been around for 13 years. This would allow 33,000 square feet of scattered, inefficient, and small, boot strapped facilities to be taken offline. The Student Activities Center, built in the 1930's and the music building built in the 1960's would be eliminated. The DFCM ranked the music building as the most unsafe building in the state, it is a seismic headache. This will bring them into ADA compliance and remodel the Geary Theater; expanding space for key programs, especially nursing. Cost estimate is \$20 million. The total gross square feet are 80,000, which includes 45,000 square feet in new space and almost 35,000 square feet in remodeled space; 33,000 square feet would be demolished. The overall request is \$20 million.

Co-chair Harper asked about local or private funds going into the project. Mr. Petersen answered some private funds have been identified. Co-chair Harper asked if there were community funds for the Geary Theater. Mr. Peterson stated that there are a large number of small donations, about 50-60 individual donors at approximately \$1,000 a piece. President Albrecht added they would campaign aggressively to assist in putting private funds to the project. Co-chair Harper asked if enrollment at USU Eastern was still declining. Mr. Peterson answered that it was.

Rep. Sagers asked if an analysis had been done on consolidating the two buildings into one and if there was a cost savings. Mr. Peterson answered that no.

Sen. Knudson asked if Brigham City had been notified that they no longer needed to be obligated for the \$7.5 million committed to the project. President Albrecht answered the mayor and city council had been notified and are still obligated and USU will still advocate for the project. The funds are still available if they get the other \$7.5 million.

c. Utah State University Biological Sciences Building

Stan L. Albrecht, President, Utah State University (USU), stated there is a shift in priorities from last year. The number one project was a project located in Brigham City. USU is still fully committed to the Brigham City project, which has a \$7.5 million community match. The shift occurred because of the need for Utah to be competitive nationally and globally. As USU committed to be an important player in the 66 percent goal by 2020 their greatest need is undergraduate science teaching laboratory space. The current building was built in the 1950's and is not very competitive in providing the kind of training needed for students to complete degree programs, especially in their STEM areas. In order to grow the STEM program and as the

number of students increases, additional undergraduate teaching laboratories are needed. The request has two parts: construction of a new building and renovation of the biological natural resources building. The new building would include 1,400 teaching laboratories, three large lecture halls, three additional classrooms, and 30 smaller research labs. The second part is remodeled space, which would house the national pollination laboratory, teaching collections, Utah plant pet diagnostics lab, human anatomy lab and many others. The cost estimate is \$60 million, 103,000 square feet of new space and 139,000 of remodeled space. O&M cost is about \$1.2 million. USU is committed to raise a minimum \$10 million from private sources.

Co-chair Froerer asked the dollar amount and the ranking on the regent's list. President Albrecht stated cost is \$60 million with a minimum \$10 million raised from private sources and number 4 on the regent's list.

d. Salt Lake Community College Classroom & Learning Center

Cynthia A. Bioteau, President, Salt Lake Community College (SLCC), stated the request is a capital development project for a replacement building at the Meadowbrook campus. SLCC is first, the applied technology college for Salt Lake County, which involves non-credit job training, custom fit for incumbent workers, and small business development. Second is Associate Degrees for career and technical education. Third is providing students the first two years of an academic experience and they then transfer to another four-year college. SLCC is proud to stay a community college; they have been one for 61 years and will continue to be one. SLCC has 13 different campuses and sites around the Salt Lake Valley. Programs are clustered within the neighborhoods where they sit. Meadowbrook campus is situated in an industrial area and is close to 50 years old. This building currently houses commercial truck driving, composites, plastics injection, heavy-duty diesel, etc. Building A has had Band-Aids put on it for the last 50 years. This building needs to come down and a new building that speaks to the CTE programs of the future needs to be constructed. SLCC works very closely with Hexel, Boeing and ATK that need people who are trained in composites and advanced manufacturing. 78 percent of their graduates live and work within the community. Infrastructure cost is about \$330,000 a year, with no new personnel costs. It is a 60,000 square foot building and the request is for \$15 million.

Co-chair Froerer stated that SLCC does an excellent job at educating and putting people in jobs with a good public-private partnership.

MOTION: Sen. Jenkins moved to adjourn. The motion passed unanimously.

Co-Chair Froerer adjourned the meeting at 9:57 a.m.

Minutes were reported by Cami Deavila, Senate Secretary

Sen. Wayne A. Harper, Co-Chair
Rep. Gage Froerer, Co-Chair